

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION**

In re:)	Chapter 11
)	
SERTA SIMMONS BEDDING, LLC, <i>et al.</i> , ¹)	Case No. 23-90020 (DRJ)
)	
Debtors.)	(Jointly Administered)
)	
SERTA SIMMONS BEDDING, LLC,)	Adversary Case No. 23-09001 (DRJ)
INVESCO SENIOR SECURED)	
MANAGEMENT, INC., CREDIT SUISSE)	
ASSET MANAGEMENT, LLC, and)	
BARINGS LLC,)	
)	
<i>Plaintiffs,</i>)	
)	
v.)	
)	
AG CENTRE STREET PARTNERSHIP, L.P.,)	
AG CREDIT SOLUTIONS NON-ECI)	
MASTER FUND, L.P., AG SF MASTER (L),)	
L.P., SILVER OAK CAPITAL, L.L.C.,)	
ASCRIBE III INVESTMENTS, LLC,)	
COLUMBIA CENT CLO 21 LIMITED,)	
COLUMBIA CENT CLO 27 LIMITED,)	
COLUMBIA FLOATING RATE INCOME)	
FUND, A SERIES OF COLUMBIA FUNDS)	
SERIES TRUST II, COLUMBIA STRATEGIC)	
INCOME FUND, A SERIES OF COLUMBIA)	
FUNDS SERIES TRUST I, CONTRARIAN)	
CAPITAL FUND I, L.P., CONTRARIAN)	
CENTRE STREET PARTNERSHIP, L.P.,)	
CONTRARIAN DISTRESSED DEBT FUND,)	
L.P., GAMUT CAPITAL SERTA SIMMONS)	
BEDDING, LLC, LCM XXII LTD.,)	
LCM XXIII LTD., LCM XXIV LTD.,)	

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are as follows: Dawn Intermediate, LLC (6123); Serta Simmons Bedding, LLC (1874); Serta International Holdco, LLC (6101); National Bedding Company L.L.C. (0695); SSB Manufacturing Company (5743); The Simmons Manufacturing Co., LLC (0960); Dreamwell, Ltd. (2419); SSB Hospitality, LLC (2016); SSB Logistics, LLC (6691); Simmons Bedding Company, LLC (2552); Tuft & Needle, LLC (6215); Tomorrow Sleep LLC (0678); SSB Retail, LLC (9245); and World of Sleep Outlets, LLC (0957). The Debtors' corporate headquarters and service address for these chapter 11 cases is 2451 Industry Avenue, Doraville, Georgia 30360.

LCM XXV LTD., LCM 26 LTD., LCM 27)
 LTD., LCM 28 LTD., NORTH STAR DEBT)
 HOLDINGS, L.P., SHACKLETON 2013-III)
 CLO, LTD., SHACKLETON 2013-IV-R CLO,)
 LTD., SHACKLETON 2014-V-R CLO, LTD.,)
 SHACKLETON 2015-VII-R CLO, LTD.,)
 SHACKLETON 2017-XI CLO, LTD.,)
 Z CAPITAL CREDIT PARTNERS CLO)
 2018-1 LTD, and Z CAPITAL CREDIT)
 PARTNERS CLO 2019-1 LTD.,)
)
Defendants.)
)

DECLARATION OF FARBOUD TAVANGAR
IN SUPPORT OF THE LCM DEFENDANTS' OPPOSITION TO SUMMARY JUDGMENT

I, Farboud Tavangar, pursuant to 28 U.S.C. § 1746, hereby declare that the following is true and correct:

1. My name is Farboud Tavangar, and I am the Chief Investment Officer of LCM Asset Management LLC ("LCM"). LCM is a loan manager focused on U.S. senior secured leveraged loans. LCM presently manages approximately \$12.3 billion in assets as of March 14, 2023.

2. I joined LCM in 2001. Prior to joining LCM, I worked at various banks in a lending capacity. I began my career in this area in 1986. All told, I have over 37 years of experience in issuing, purchasing, and selling corporate loans.

3. LCM is the asset manager for several individual collateralized loan obligations, which in turn each holds pools of loans purchased on the secondary market. Among the defendants in this lawsuit are seven CLOs managed by LCM (the "LCM CLOs")² that purchased first-lien

² The names of these CLOs are LCM XXII Ltd., LCM XXIII Ltd., LCM XXIV Ltd., LCM XXV Ltd., LCM 26 Ltd., LCM 27 Ltd., and LCM 28 Ltd.

loans (the “1L Serta Loans”) issued by Serta Simmons Bedding, LLC (“Serta”) on the secondary market.

4. The 1L Serta Loans were issued pursuant to a First Lien Term Loan Agreement dated November 8, 2016. Neither LCM, nor the LCM CLOs, were involved in negotiating its terms.

The Purchase and Sale of Corporate Debt

5. In my experience as a CLO manager, corporate loans are ordinarily purchased out of syndication or purchased and sold on the secondary market through anonymous, dealer-mediated transactions.

6. Today, corporate loan dealers are large financial institutions that operate primarily via Bloomberg, an online subscription-based platform. On Bloomberg, dealers execute trades by disseminating offers to purchase or sell to market participants, gathering bids, and matching purchasers to sellers (without informing one of the identity of the other).

7. Prospective purchasers and sellers frequently negotiate with dealers as to the price and quantity of loans being purchased or sold, but they do not negotiate the terms of the underlying corporate loans they seek to purchase or sell. They likewise do not typically interact directly with the borrower, and remain unaware of the identity of the ultimate counterparty to the transaction.

8. Once the dealer and transacting party agree upon the price and quantity of loans to be purchased or sold, the transaction is formally documented with a (i) a trade ticket, (ii) a trade confirmation, (iii) an assignment and assumption agreement, and (iv) a funding memorandum.

9. The LCM CLOs’ purchase of the 1L Serta Loans generally followed this pattern. From 2016 through June 2020, LCM traders bought and sold 1L Serta Loans by communicating with dealer representatives on Bloomberg or by phone on recorded lines. In particular, an LCM

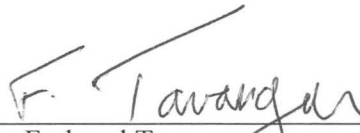
trader would message a dealer directly indicating the price and quantity of loans an LCM CLO sought to purchase or sell—often in response to a mass distribution message sent by the dealer listing prospective bids and offers for Serta, among other issuers. The LCM trader would then follow up with the dealer via email seeking confirmation of the upcoming trade. LCM would then assign the loan traded to the relevant LCM CLO, which assignment would be countersigned by the counterparty and executed by the agent.

June 2020 Transaction

10. LCM was not invited to participate in the June 22, 2020 transaction.
11. Indeed, LCM first became aware that its first-lien debt would be primed by Serta's issuance of super-priority debt to select lenders after the fact, through a June 9, 2020 Serta press release announcing the transaction.

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct.

Dated: March 15, 2023
New York, NY



Name: Farboud Tavangar
Title: Chief Investment Officer
LCM Asset Management LLC

[Signature Page to Tavangar Declaration]

CERTIFICATE OF SERVICE

This is to certify that a true and correct copy of the foregoing Declaration was served by electronic delivery on all persons and entities receiving ECF notice in this adversary proceeding on March 16, 2023.

/s/ John J. Sparacino
John J. Sparacino